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**DeNUCCI CITES BUDGET AND ACCOUNTING PROBLEMS
IN \$612 MILLION BIG DIG PROGRAM**

State Auditor Joe DeNucci, in an audit covering the period January 1994 through November 2002, reported today that numerous budgeting and accounting problems have resulted from the Big Dig project management's failure to provide proper oversight of \$612 million in project-related work by utility companies and public agencies.

DeNucci's findings were contained in a report on the Big Dig's management of "force accounts," by which the project reimburses other public and private entities for project-related work done with their own in-house or contracted labor force. The audit's testing of a sample of force account activities revealed \$22 million in problems stemming from unreliable recordkeeping and management reports and unused project funds. According to DeNucci's report, the Big Dig needs to significantly strengthen its controls over these activities in order to have up-to-date, complete and accurate budget and financial records and to identify any unused funding that may be available for future project work.

In response, the Big Dig management is taking corrective action on the findings identified in DeNucci's report.

In one instance, DeNucci's audit found that the Big Dig has yet to be billed for \$766,500 in utility work by one company, even though much of it has been completed for two to three years. Receiving invoices several years after the costs are incurred makes it difficult if not impossible for the Big Dig to accurately verify that the work was done and that accurate charges were submitted.

Other force account problems identified in DeNucci's report included inaccurate and duplicate budgeting involving construction of a marina on Spectacle Island and inaccurate accounting for work done by the Metropolitan District Commission, state Inspector General's Office and Attorney General's Office.

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DeNucci, who said his findings raise serious questions about the Big Dig's ability to accurately account for activities carried out under the force account program, called on the Big Dig to correct its financial records to reflect current and accurate data on force account activities. In addition, DeNucci said the project should determine whether available unused funding should be directed to other project uses.

"With stronger controls, the Big Dig should be able to better manage this activity and lower the project's price tag by identifying available unused funds which could be used, if necessary, for other project work," said DeNucci. "I am pleased that the project management has responded positively to my recommendations."

To date, DeNucci's 17 interim reports in his ongoing audit of the Big Dig have identified \$568 million in inaccurate, excessive and avoidable project costs as well as cost-saving opportunities.